

STATE OF LOUISIANA LEGISLATIVE AUDITOR

**Athletic Department
Southeastern Louisiana University
State of Louisiana
Hammond, Louisiana**

March 7, 2001



Financial and Compliance Audit Division

***Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor***

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**ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
Hammond, Louisiana**

**Financial Statement and
Independent Auditor's Reports
For the Year Ended June 30, 2000
With Supplemental Information Schedule**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor and at the office of the parish clerk of court.

March 7, 2001

**ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA**

Financial Statement and
Independent Auditor's Reports
For the Year Ended June 30, 2000
With Supplemental Information Schedule

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OFFICE OF
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February 14, 2001

Independent Auditor's Report
on the Financial Statement

DR. SALLY CLAUSEN, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
Hammond, Louisiana

We have audited the accompanying statement of revenues and expenditures of the Southeastern Louisiana University Intercollegiate Athletics Program, a program within Southeastern Louisiana University for the year ended June 30, 2000. This financial statement is the responsibility of management of Southeastern Louisiana University. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the statement of revenues and expenditures referred to above presents only the financial transactions of the Southeastern Louisiana University Intercollegiate Athletics Program, a program within Southeastern Louisiana University. As such, the financial statement is not intended to and does not present fairly the financial position and changes in fund balances of Southeastern Louisiana University, in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and expenditures of the Southeastern Louisiana University Intercollegiate Athletics Program for the year ended June 30, 2000, in conformity with generally accepted accounting principles.

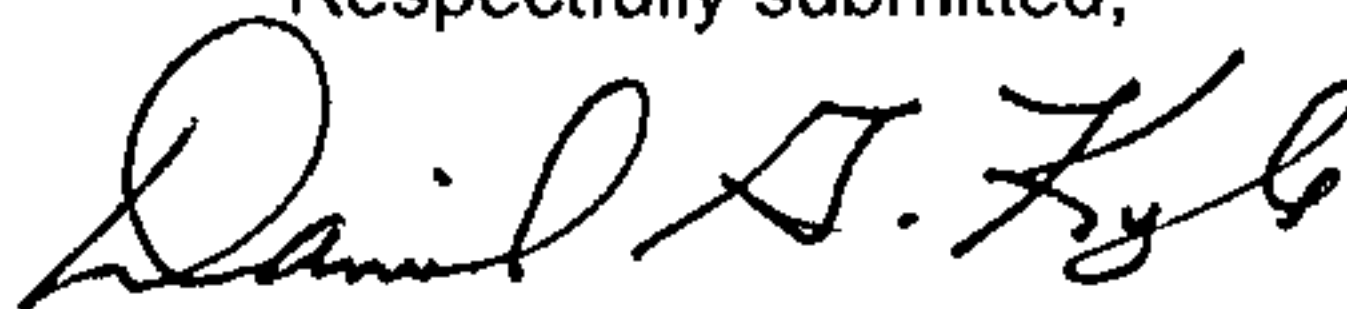
We have also issued reports dated February 14, 2001, on our consideration of the Southeastern Louisiana University Intercollegiate Athletics Program internal controls and our report on minimum agreed-upon procedures.

LEGISLATIVE AUDITOR

DR. SALLY CLAUSEN, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
Audit Report, June 30, 2000

Our audit was made for the purpose of forming an opinion on the statement of revenues and expenditures for the Southeastern Louisiana University Intercollegiate Athletics Program. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a part of the statement of revenues and expenditures. Such information has not been subjected to the auditing procedures applied in the audit of the statement of revenues and expenditures, and, accordingly, we express no opinion on it.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

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Statement A

**ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
(A PORTION OF) CURRENT FUNDS -
UNRESTRICTED - AUXILIARY ENTERPRISE FUNDS**

**Statement of Revenues and Expenditures
For the Year Ended June 30, 2000**

REVENUES

Gate receipts	\$30,326
Student fees	1,626,655
Guarantees	145,500
NCAA distribution	92,003
Program sales	930
Concessions	2,579
Other sources	209,598
Total revenues	<u>2,107,591</u>

EXPENDITURES

Personal services and related benefits	931,891
Travel	267,383
Operating services	110,700
Supplies	136,774
Professional services	96,943
Other charges	561,124
Equipment	3,043
Total expenditures	<u>2,107,858</u>

EXCESS OF EXPENDITURES OVER REVENUES

(\$267)

The accompanying notes are an integral part of this statement.

**ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA**

Notes to the Financial Statement
For the Year Ended June 30, 2000

INTRODUCTION

Southeastern Louisiana University is a publicly supported institution of higher education. The university is a component unit of the State of Louisiana within the executive branch of government. The Southeastern Louisiana University Athletic Department, which operates the Intercollegiate Athletics Program, is a part of Southeastern Louisiana University. The accompanying financial statement presents information only as to the transactions of the Southeastern Louisiana University Athletic Department.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FUND ACCOUNTING

To observe limitations and restrictions placed on the use of available resources, the accounts of Southeastern Louisiana University are maintained in accordance with the principles of fund accounting. Such principles prescribe the manner in which resources for various purposes are classified, for accounting and reporting purposes, into funds that are in accordance with the activities or specified objectives. Accounts are maintained for the transactions of the athletic department as follows:

Current Funds - Unrestricted

Unrestricted current funds include all funds for operating purposes on which there are no restrictions, except the budgetary control included in the annual legislative appropriation act, and include the auxiliary enterprise fund. The auxiliary enterprise fund includes the accounts of the athletic department.

B. BASIS OF ACCOUNTING

The accounts of the athletic department are maintained on the accrual basis of accounting as follows:

Revenues

Substantially all revenues are recognized when earned.

Expenditures

Expenditures are generally recognized under the accrual basis of accounting when incurred, except that depreciation is not recognized.

**ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA**
Notes to the Financial Statement (Continued)

C. EMPLOYEE COMPENSATED ABSENCES

Employees of the university working in the athletic department earn annual and sick leave in accordance with state law and administrative regulations.

**2. CONTRIBUTIONS EXCEEDING TEN PERCENT
OF TOTAL CONTRIBUTIONS**

The Southeastern Louisiana University Intercollegiate Athletics Program did not receive individual contributions that exceeded 10% (\$12,883) of the total contributions for the year ended June 30, 2000.

3. PENSION PLANS

Plan Description. Substantially all employees of the athletic department are members of the Louisiana State Employees Retirement System (LASERS) or the Louisiana Teachers Retirement System (TRS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivor's benefits to plan members and beneficiaries. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Funding Policy. The contribution requirements of plan members and the athletic department are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (R.S.) 11:102. Employees contribute 8% (TRS) and 7.5% (LASERS) of covered salaries. The state is required to contribute 15.2% of covered salaries to TRS and 12.3% of covered salaries to LASERS. The athletic department's employer contributions to TRS for the years ended June 30, 2000, 1999, and 1998, were \$21,704, \$22,768, and \$17,678, respectively, and to LASERS for the years ended June 30, 2000, 1999, and 1998, were \$17,181, \$29,488, and \$32,955, respectively, equal to the required contributions for each year.

**ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA**
Notes to the Financial Statement (Continued)

4. OPTIONAL RETIREMENT SYSTEM

R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program will aid the athletic department in recruiting employees who may not be expected to remain in the TRS for 10 or more years. The purpose of the optional retirement plan is to provide retirement to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Contributions by the athletic department are 15.2% of the covered payroll. The participant's contribution (8%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Employer contributions to the optional retirement plan totaled \$60,333, \$55,999, and \$46,409 for the years ended June 30, 2000, 1999, and 1998, respectively.

**5. OUTSIDE ORGANIZATIONS CREATED FOR
OR IN BEHALF OF SOUTHEASTERN LOUISIANA
UNIVERSITY INTERCOLLEGIATE ATHLETICS PROGRAM**

The Southeastern Development Foundation, Inc., endowment funds (SLU Athletic Memorial, John Faught Scholarship, Don & Wille Lewis Scholarship, Richard Sharp Scholarship, State Farm Athletic Scholarship, Elmer "Grady" Morgan Scholarship, Duane and Leigh Shafer Scholarship, and the Robin Roberts Scholarship) and restricted funds are maintained within the Southeastern Development Foundation, Inc., which is a separate corporation whose financial statements were audited by independent certified public accountants for the year ended June 30, 2000.

The Southeastern Louisiana University Booster Club, Inc., is a not-for-profit organization formed to promote and support the university's athletic program. The Booster Club is a separate corporation whose financial statements were audited by independent certified public accountants for the year ended June 30, 2000.

ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statement (Concluded)

During the year ended June 30, 2000, the Southeastern Louisiana University Booster Club provided \$20,407 to the athletic program and the Southeastern Development Foundation provided \$51,835 to the athletic program, which is included as other sources of revenue on the Statement of Revenues and Expenditures (Statement A). Except for these funds received by the university, other funds of the Southeastern Louisiana University Booster Club, Inc., and fund of the Southeastern Development Foundation, Inc., are not under the accounting control of the university, and are not included in the Statement of Revenues and Expenditures (Statement A).

6. CONTRIBUTIONS (GIFTS-IN-KIND)

Contributions-in-kind are received by the Southeastern Louisiana University Booster Club, Inc., and included in the financial statements of the Booster Club. Because these contributions-in-kind are not considered to be under the accounting control of the university, they are not included in the Statement of Revenues and Expenditures (Statement A).

**ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA**

**SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended June 30, 2000**

The following supplemental information schedule presents revenues and expenditures on behalf of Southeastern Louisiana University's Athletic Department made by outside organizations not subject to the university's accounting controls for the year ended June 30, 2000. Revenues and expenditures of the Southeastern Louisiana University Booster Club, Inc., and a portion of the revenues and expenditures of the Southeastern Development Foundation, Inc., are used by those organizations to support the athletic department of Southeastern Louisiana University. Except for \$20,407 paid by the Southeastern Louisiana University Booster Club, Inc., and \$51,830 paid by the Southeastern Development Foundation, Inc., to the university for the year ended June 30, 2000, these funds are not subject to the university's accounting controls and are not included in the Statement of Revenues and Expenditures (Statement A).

The Schedule of Revenues and Expenditures (Schedule 1) include contributions-in-kind of \$13,900 in donation revenue of the Southeastern Louisiana University Booster Club, Inc., for the year ended June 30, 2000. These gifts in kind were for travel (\$4,900), operating services (\$1,200), supplies (\$2,400), professional services (\$2,500), and equipment (\$2,900) and were included in these Southeastern Louisiana University Booster Club, Inc., expenditures on the Schedule of Revenues and Expenditures (Schedule 1).

UNAUDITED

Schedule 1

**ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
OUTSIDE FUNDS NOT SUBJECT TO UNIVERSITY'S
ACCOUNTING CONTROL**

**Schedule of Revenues and Expenditures
For the Year Ended June 30, 2000**

	<u>Southeastern Louisiana University Booster Club, Inc.</u>	<u>(A Portion of) Southeastern Development Foundation, Inc.</u>	<u>Total</u>
REVENUES			
Donations	\$127,938	\$28,016	\$155,954
Interest income	1,560	6,151	7,711
Other sources	81,615	14,099	95,714
Total revenues	<u>211,113</u>	<u>48,266</u>	<u>259,379</u>
EXPENDITURES			
Travel	32,680		32,680
Operating services	43,373		43,373
Supplies	31,854		31,854
Professional services	2,500		2,500
Other charges	45,412	9,232	54,644
Equipment	25,142		25,142
Program expenditures	33,458		33,458
Other expenditures	25,747		25,747
Total expenditures	<u>240,166</u>	<u>9,232</u>	<u>249,398</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(\$29,053)</u>	<u>\$39,034</u>	<u>\$9,981</u>

OTHER REPORTS REQUIRED BY
NCAA FINANCIAL AUDIT GUIDELINES

The following pages contain reports on internal controls and agreed-upon procedures required by *NCAA Financial Audit Guidelines*, issued by the National Collegiate Athletic Association. The report on internal control is based solely on the audit of the financial statement and includes, where appropriate, any reportable conditions or material weaknesses. The report on agreed-upon procedures relates only to the items discussed and is substantially less in scope than an audit.



DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

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February 14, 2001

Independent Auditor's Report on Internal Controls
Based Solely on an Audit of the Athletic Department's
Statement of Revenues and Expenditures

DR. SALLY CLAUSEN, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
Hammond, Louisiana

We have audited the statement of revenues and expenditures of the Southeastern Louisiana University Intercollegiate Athletics Program, a program within Southeastern Louisiana University, for the year ended June 30, 2000, and have issued our report thereon dated February 14, 2001. We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

In planning and performing our audit of the statement of revenues and expenditures of the Southeastern Louisiana University Intercollegiate Athletics Program for the year ended June 30, 2000, we considered its internal controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal controls. Our consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal controls and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information and use of the management of Southeastern Louisiana University and is not intended to be used by anyone other than management of the university. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle", is written over a horizontal line.

Daniel G. Kyle, CPA, CFE
Legislative Auditor

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EXHIBIT A



OFFICE OF
LEGISLATIVE AUDITOR
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DANIEL G. KYLE, PH.D., CPA, CFE
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February 14, 2001

Independent Auditor's Report on
Minimum Agreed-Upon Procedures

DR. SALLY CLAUSEN, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
Hammond, Louisiana

We have audited the statement of revenues and expenditures of the Southeastern Louisiana University Intercollegiate Athletics Program, a program within Southeastern Louisiana University, for the year ended June 30, 2000, and have issued our report thereon dated February 14, 2001. As requested by the university, we have also applied certain agreed-upon procedures contained in the *NCAA Financial Audit Guidelines* related to outside organizations created for or in behalf of the university's Intercollegiate Athletics Program for the year ended June 30, 2000, solely to assist the university in complying with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of management of Southeastern Louisiana University. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

1. We obtained written representation from management of the university that the following booster clubs were the only outside organizations created for or in behalf of the athletic department.

Southeastern Development Foundation, Incorporated
Southeastern Louisiana University Booster Club

2. We obtained from representatives of the outside organization a statement of cash receipts and disbursements with written representations as to the fair presentation of the statements.

No exceptions were noted as a result of this procedure

3. We compared the direct payments of outside organizations to the university with the revenues reported on the university's statement of revenues and expenditures and identified any reconciling items.

No exceptions were noted as a result of this comparison.

EXHIBIT B

LEGISLATIVE AUDITOR

**DR. SALLY CLAUSEN, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA**

Agreed-Upon Procedures Report

February 14, 2001

Page 2

4. We obtained the independent auditor's report for the outside organization to identify any reportable conditions relating to the outside organization's internal controls and made inquiries of management to document any corrective action taken in response to the reportable conditions.

The financial statements of the Southeastern Development Foundation, Incorporated, and Southeastern Louisiana University Booster Club, Incorporated, were audited by an independent certified public accounting firm for the year ended June 30, 2000. The audit reports were dated November 15, 2000, and December 4, 2000, respectively, and included no reportable conditions relating to the outside organization's internal control.

Because the above procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. Had we performed additional procedures or had we made an audit of the financial statements of the related outside organization in accordance with generally accepted auditing standards, matters might have come to our attention that would be reported to you. This report relates only to the accounts and items specified above and does not extend to any financial statements of Southeastern Louisiana University or the related outside organizations taken as a whole.

This report is intended for the information and use of the management of Southeastern Louisiana University and is not intended to be used by anyone other than management of the university. Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

DSG:ES:RCL:ss

[SLUNCAA0]